

Message Text

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E.O. 11652: ADS, DECLAS 1/5/76

TAGS: ETRD, EC, GW, IT, BE

SUBJECT: COUNTERVAILING DUTY INVESTIGATIONS--FLOAT GLASS
FROM BELGIUM, WEST GERMANY, AND ITALY

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1. SUMMARY. TREASURY WILL PUBLISH NOTICES OF FINAL

COUNTERVAILING DUTY DETERMINATION INVOLVING IMPORTS OF FLOAT GLASS FROM BELGIUM, ITALY AND WEST GERMANY IN THE FEDERAL REGISTER OF JANUARY 7, 1976. PUBLIC ANNOUNCEMENT WILL BE MADE JANUARY 5. TREASURY HAS DETERMINED THAT THERE ARE NO BOUNTIES OR GRANTS BEING PAID OR BESTOWED IN THE BELGIAN AND WEST GERMAN CASES. A FINAL AFFIRMATIVE DECISION WILL BE ISSUED AGAINST FLOAT GLASS FROM ITALY. AN ESTIMATED COUNTERVAILING DUTY OF 10 PERCENT AD VALORUM WILL BE ASSESSED ON TWO ITALIAN FIRMS, SIV AND ST. GOBAIN. LIQUIDATION OF ENTRIES FROM THESE TWO FACILITIES WILL BE SUSPENDED. END SUMMARY.

2. BELGIUM AND GERMANY--BASED ON DATA SUBMITTED TO THE TREASURY DEPARTMENT SUBSEQUENT TO THE PRELIMINARY AFFIRMATIVE DECISIONS, IT WAS DETERMINED THAT NONE OF THE FLOAT GLASS FACILITIES RECEIVED BOUNTIES OR GRANTS IN LIGHT OF THE FACT THAT A PREPONDERANCE OF PRODUCTION IS SOLD IN THE HOME MARKET OR WITHIN THE EUROPEAN COMMUNITY (AT LEAST 80 PERCENT), THAT THE LEVEL OF EXPORTS TO THE U.S. WAS A

SMALL PERCENTAGE OF TOTAL PRODUCTION, AND THAT THE AMOUNT OF REGIONAL ASSISTANCE PROVIDED WAS A VERY SMALL PERCENTAGE OF THE VALUE OF FLOAT GLASS PRODUCED. THE GERMAN AND BELGIAN GOVERNMENTS HAVE ADVISED TREASURY THAT THESE BENEFITS HAVE THE EFFECT OF OFFSETTING DISADVANTAGES WHICH WOULD DISCOURAGE INDUSTRY FROM MOVING TO, AND EXPANDING IN, LESS PROSPEROUS REGIONS. THE RELATIVELY LOW LEVEL OF BENEFITS RECEIVED SUPPORTS THIS CONTENTION. IT SHOULD BE EMPHASIZED THAT IN BOTH THE BELGIAN AND WEST GERMAN CASES TREASURY WOULD HAVE HAD NO CHOICE BUT TO ISSUE FINAL AFFIRMATIVE DECISIONS IN THE ABSENCE OF INFORMATION SUPPLIED BY EACH COMPANY CONCERNING THE SIZE OF ASSISTANCE UTILIZED AS THERE WOULD HAVE BEEN NO WAY OF JUDGING WHETHER THE BENEFITS MERELY OFFSET COST DISADVANTAGES OF LOCATING IN ECONOMICALLY DEPRESSED AREAS. WE APPRECIATE EFFORTS BY THESE GOVERNMENTS TO CONVINCE COMPANIES TO PROVIDE THE REQUESTED INFORMATION.

3. ITALY--THE FINAL AFFIRMATIVE DETERMINATION WITH RESPECT TO THE TWO ITALIAN FLOAT GLASS FACILITIES WAS LIMITED OFFICIAL USE

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BASED SOLELY ON INFORMATION SUPPLIED BY THE PETITIONER AND TREASURY ESTIMATES SINCE THE ITALIAN FIRMS DECLINED TO PROVIDE ANY INFORMATION REQUESTED BY THE TREASURY CONCERNING THE UTILIZATION OF THE ALLEGED BENEFITS. ONE COMPANY, VERNANTE, WHICH IS NOT LOCATED IN THE MEZZOGIORNO, WAS DETERMINED NOT TO HAVE RECEIVED ANY BENEFITS SINCE IT COULD BE ESTABLISHED THAT THE COMPANY COULD NOT QUALIFY FOR THE ONE PROGRAM UNDER WHICH IT

ALLEGEDLY RECEIVED BENEFITS. THE BOUNTY OR GRANT FOR SIV AND ST. GOBAIN, WHOSE FACILITIES ARE LOCATED IN THE MEZZOGIORNO, WAS ESTIMATED TO BE 10 PERCENT AD VALORUM FOR EACH COMPANY, BASED ON THE INFORMATION SUPPLIED IN THE PETITION AND TREASURY ESTIMATES OF POSSIBLE BENEFITS UNDER MEZZOGIORNO PROGRAM (IN THE ABSENCE OF STATISTICAL INFORMATION PROVIDED BY THE COMPANIES). IN THE ABSENCE OF INFORMATION FROM THE FOREIGN COUNTRY, TREASURY MUST PROCEED TO ESTIMATE THE BENEFITS RECEIVED BASED ON BEST INFORMATION AVAILABLE TO IT.

4. ACTION ADDRESSEES REQUESTED TO INFORM EC COMMISSION AND HOST GOVERNMENTS AT EARLIEST OPPORTUNITY OF TREASURY DETERMINATIONS, DRAWING ON CONTENTS OF THIS MESSAGE. IN DISCUSSING FLOAT GLASS DECISION WITH ITALIAN OR EC OFFICIALS, MISSION AND EMBOFFS ALSO SHOULD DRAW ON THE FOLLOWING:

A) TREASURY'S DECISION TO COUNTERVAIL AGAINST TWO ITALIAN FIRMS CAME ONLY AFTER REPEATED EFFORTS BY TREASURY, TOGETHER WITH STATE DEPARTMENT AND THE EMBASSY, TO GATHER REQUIRED DATA WHICH HAD BEEN REQUESTED SINCE EARLY 1975.

B) WHILE WE BELIEVE REGIONAL INCENTIVE PROGRAMS CAN BENEFIT EXPORTS AND, UNDER CERTAIN CIRCUMSTANCES, BE COUNTERVAILABLE, TREASURY'S DECISIONS IN THE FLOAT GLASS CASES REFLECT A WILLINGNESS TO CAREFULLY ANALYZE THE ACTUAL EFFECTS OF THESE PROGRAMS ON EXPORTS AND REFRAIN FROM COUNTERVAILING ACTION WHEN IT IS DEMONSTRATED THAT THE BENEFITS BESTOWED ARE RESTRICTED TO A LEVEL NECESSARY TO PERFORM LEGITIMATE DOMESTIC PURPOSES.

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C) SHOULD AT ANY TIME THE ITALIAN FIRMS SUPPLY THE DATA NEEDED BY TREASURY CONCERNING POSSIBLE SUBSIDY UTILIZATION, TREASURY WOULD, IF APPROPRIATE, BE IN A POSITION TO REVOKE OR MODIFY ITS DECISION. IT SHOULD BE EMPHASIZED THAT NO FINAL COUNTERVAILING DUTY RATE HAS BEEN SET, AND THAT SINCE LIQUIDATION HAS BEEN SUSPENDED, RELEVANT INFORMATION RECEIVED IN THE FUTURE CAN CAUSE TREASURY TO REDUCE OR ELIMINATE THE ADDITIONAL DUTIES WHICH WILL BE PAYABLE AS OF JANUARY 8, 1976. REFUNDS OF ESTIMATED DUTIES COULD THEN BE MADE. ROBINSON

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